

Community Development Financial Institutions Program

Glossary of Terms

Community Development Financial Institutions Fund

Glossary of Terms (12/99)

| TERMS | DEFINITIONS |
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| Affiliate | Any company or entity that controls, is controlled by, or is under common control with another company. |
| Annual Net Loan Loss Ratio | The <i>Annual Net Loan Loss Ratio</i> represents the portion of an organization's <i>Total Outstanding Loan Portfolio</i> that is determined to be a loss and taken off the books, less loan amounts charged-off but later collected. |
| Arms-Length Transaction | A transaction with an entity other than an <i>Affiliate</i> . |
| Assistance Agreement | A written agreement between the Fund and an awardee specifying the terms and conditions of assistance including, without limitation, performance goals and financial soundness covenants, if applicable. |
| Authorized Representative | An officer, or other individual, who has the actual authority to sign for and make representations on behalf of the applicant. |
| Average Outstanding Loan Portfolio | <i>Average Outstanding Loan Portfolio</i> is calculated by averaging the organization's <i>Total Outstanding Loan Portfolio</i> between two points in time. (For example: <i>Average Outstanding Loan Portfolio</i> in 1996 equals <i>Total Outstanding Loan Portfolio</i> at 12/31/95 plus <i>Total Outstanding Loan Portfolio</i> at 12/31/96 divided by 2). The <i>Average Outstanding Loan Portfolio</i> reflects the average amount of loans disbursed by an organization to its borrowers throughout the course of the organization's fiscal year. |
| Capital Liquidity Ratio | The sum of cash, cash equivalents, marketable securities and total current loans receivable divided by <i>Current Liabilities</i> . The <i>Capital Liquidity Ratio</i> is a gross indicator of asset-liability matching and indicates whether an organization has sufficient resources to pay its current obligations to its sources of debt capital. |
| Certified Community Development Financial Institution (or CDFI) | An organization designated in writing as a CDFI by the CDFI Fund. To be certified by the Fund as a <i>CDFI</i> , applicants must legally exist (e.g., incorporated or chartered) and be located in the United States or a U.S. territory. In addition, the organization must have a primary mission of promoting community development, predominantly serve and maintain accountability to eligible <i>Target Markets</i> , be a <i>Financing Entity</i> , provide <i>Development Services</i> and not be either a government entity or controlled by a government entity. |
| Committed Matching Funds | <i>Matching Funds</i> for which the applicant has received a written, legally binding commitment from the funder specifying, at a minimum, the level of funding that the funder will provide the applicant, the date by which the funds will be disbursed to the applicant, and any terms or conditions thereof (including, in the case of a loan, the interest rate and maturity date). |
| CDFI Intermediary | An organization designated in writing as a <i>CDFI</i> by the CDFI Fund and whose primary business activity is the provision of <i>Financial Products</i> to <i>CDFIs</i> and/or emerging <i>CDFIs</i> . |
| Community-Governed | An entity with respect to which the residents of an <i>Investment Area(s)</i> or members of a <i>Targeted Population(s)</i> represent greater than 50% of the governing body. |
| Community-Owned | An entity with respect to which the residents of an <i>Investment Area(s)</i> or members of a <i>Targeted Population(s)</i> have an ownership interest of greater than 50%. |
| Community Partner | An entity that provides loans, <i>Equity Investments</i> , or <i>Development Services</i> and enters into a <i>Community Partnership</i> with an applicant. A <i>Community Partner</i> may include a <i>Depository Institution Holding Company</i> , an <i>Insured Depository Institution</i> , an <i>Insured Credit Union</i> , a non-profit or for-profit organization, a State or local government entity, a quasi-government entity, or an investment company authorized pursuant to the Small Business Investment Act of 1958 (15 U.S.C. 661 et seq.). |
| Community Partnership | An agreement between an applicant and a <i>Community Partner</i> to collaboratively provide loans, <i>Equity Investments</i> , or <i>Development</i> |

All terms and phrases that are in *Capitalized Italics* are defined in separate entries in this Glossary.

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| | <i>Services to an Investment Area(s) or a Targeted Population(s).</i> |
| Comprehensive Business Plan | A business plan of a minimum of five years that covers an organization's past and projected community development impact, past and projected financial performance, management capacity, operational capacity, market analysis, program design and implementation plan. |
| Delinquency Ratio | The total dollar amount of loans with payments 30 days or more past due divided by the <i>Total Outstanding Loan Portfolio</i> (or <i>Total Loans</i> , in the case of banks or thrifts). Past due loans include the <u>entire</u> outstanding balance of loans with payments that are past due. Loans should be considered past due if <u>any</u> part of the payment is past due. In the case of a non-regulated for-profit or non-profit organization, the <i>Delinquency Ratio</i> is measured using a schedule of the aging of total loan receivables at 30, 60 and 90 days. In the case of <i>Insured Credit Unions</i> , the aging schedule is calculated at 2 months, 6 months and 12 months. In the case of banks and thrifts, the aging schedule is calculated at 31, 61 and 90 days or more. Banks and thrifts also have a category of loans called non-accrual loans for which the banks and thrifts are no longer accruing interest due to the borrowers' poor payment performance. The <i>Delinquency Ratio</i> is also commonly known as the <i>Portfolio-at-Risk</i> . |
| Deployment Ratio | <i>Total Outstanding Loan Portfolio</i> and/or <i>Total Outstanding Equity Investment Portfolio</i> divided by <i>Total Capital</i> (the sum of <i>Total Adjusted Notes Payable</i> and <i>Total Equity Capital Available</i>). The <i>Deployment Ratio</i> indicates the extent to which debt capital and equity capital (both restricted and unrestricted) are available for lending or making <i>Equity Investments</i> , and serves as an indicator of how aggressive an organization has been in investing available capital. |
| Depository Institution Holding Company | A bank holding company or a savings and loan holding company as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813 (w)(1)). |
| Development Services | Activities that promote community development and are integral to the applicant's provision of <i>Financial Products</i> . Such services shall prepare or assist current or potential borrowers or investees to utilize the <i>Financial Products</i> of the applicant. Such services include, for example: <ol style="list-style-type: none"> (1) Financial or credit counseling to individuals for the purpose of facilitating home ownership, promoting self-employment, or enhancing consumer financial management skills; or (2) Technical assistance to borrowers or investees for the purpose of enhancing business planning, marketing, management, and financial management skills. |
| Disbursement | A payment of award funds. In order to receive any disbursement of a Core or Intermediary Component award from the CDFI Fund, an organization must first: (1) be certified as a <i>CDFI</i> by the Fund; (2) execute an <i>Assistance Agreement</i> with the Fund; and (3) have <i>Matching Funds</i> in-hand to match the financial assistance. In order to receive any disbursement of a Technical Assistance Component award, an organization must execute an <i>Assistance Agreement</i> with the Fund and in most cases, be certified as a <i>CDFI</i> by the Fund. |

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| Distress Criteria | <p>The objective criteria of economic distress that an <i>Investment Area</i> (or the units that comprise an area) must meet in order to qualify as an eligible <i>Investment Area</i>. At least one of the distress criteria (as reported in the 1990 (or subsequent) decennial census and published by the U.S. Bureau of the Census) must be met in order for an area to qualify as an eligible Investment Area. The criteria are as follows:</p> <ol style="list-style-type: none"> (1) The percentage of the population living in poverty is at least 20 percent; (2) In the case of an <i>Investment Area</i> located: <ol style="list-style-type: none"> (i) Within a Metropolitan Area, the median family income shall be at or below 80 percent of the Metropolitan Area median family income or the national Metropolitan Area median family income, whichever is greater; or (ii) Outside of a Metropolitan Area, the median family income shall be at or below 80 percent of the statewide non-Metropolitan Area median family income or the national non-Metropolitan Area median family income, whichever is greater; (3) The unemployment rate is at least 1.5 times the national average; (4) The percentage of occupied distressed housing (as indicated by lack of complete plumbing and occupancy of more than one person per room) is at least 20 percent; or (5) In areas located outside of a Metropolitan Area, the county population loss between 1980 and 1990 is at least 10 percent or the county net migration loss (outmigration minus immigration) over the five year period preceding the most recent decennial census is at least 5%. |
| Equity Investment | An equity investment made by an applicant which, in the judgement of the Fund, directly supports or enhances activities that serve an <i>Investment Area(s)</i> or a <i>Targeted Population(s)</i> . Such investment must be made through an <i>Arms-Length Transaction</i> . An <i>Equity Investment</i> includes a stock purchase, a purchase of a partnership interest, a purchase of a limited liability company membership interest, a loan made on such terms that it has sufficient characteristics of equity (and is considered as such by the Fund); or any other investment deemed to be an <i>Equity Investment</i> by the Fund. |
| Equity Investment Closed | An <i>Equity Investment</i> is "closed" when a legally binding investment document has been signed by the investee in favor of the investor. |
| Equity Investment-to-Asset Ratio | The <i>Total Outstanding Equity Investment Portfolio</i> divided by <i>Total Assets</i> . If an organization does not own significant non- <i>Equity Investment</i> assets (e.g. real estate), <i>Equity Investment-to-Asset Ratio</i> may serve as an indicator of the extent to which an organization's assets are available for making <i>Equity Investments</i> and how aggressive an organization has been in investing available capital. |
| Financial Products | Loans, <i>Equity Investments</i> , and in the case of <i>CDFI Intermediaries</i> , grants to <i>CDFIs</i> and/or emerging <i>CDFIs</i> and deposits in insured credit union <i>CDFIs</i> and/or emerging insured credit union <i>CDFIs</i> . |
| Financial Services | Checking accounts, savings accounts, check cashing, money orders, certified checks, automated teller machines, deposit-taking and safe deposit box services. |
| Financial Statements | Financial reports that reflect the financial condition of an organization at a specific point in time. In the case of a non-regulated for-profit, bank, thrift or <i>Insured Credit Union</i> , such statements consist of a balance sheet, income and expense statement, and statement of cash flows (optional for <i>Insured Credit Unions</i>). In the case of a non-regulated non-profit, such statements consist of a statement of financial condition, statement of activities and statement of cash flows. |
| Financing Entity | <p>An entity whose predominant business activity is the provision, in <i>Arms-Length Transactions</i>, of <i>Financial Products</i>, <i>Development Services</i>, and/or other similar financing. An applicant may demonstrate that it is such an entity if it is a(n):</p> <ol style="list-style-type: none"> (1) <i>Depository Institution Holding Company</i>; (2) <i>Insured Depository Institution</i> or <i>Insured Credit Union</i>; or |

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| | (3) An organization which is deemed by the Fund to have such a predominant business activity as a result of analysis of its financial statements, organizing documents, and any other information required to be submitted as part of its application. |
| Financing Related Activities | Activities that support the applicant's provision of <i>Financial Products</i> , including: (1) Pre-development grants, provided that, in the opinion of the Fund, they are offered to the applicant's borrowers or potential borrowers in order to enhance such borrowers' or potential borrowers' ability to use the applicant's lending or investment products; and (2) The provision of loan packaging, provided that, in the opinion of the Fund, the applicant is financing more than a nominal portion of the loan that is being packaged for another lender. |
| Full-Time Equivalent | An employee that works at least a 40-hour work week. In calculating the number of full-time equivalents, part-time employees should be aggregated to full-time equivalents (e.g. two part-time employees that each work 20 hours per week may be aggregated to count as one full-time equivalent.) |
| Geographic Units | A unit(s) within an <i>Investment Area</i> that is a county (or equivalent area), minor civil division that is a unit of local government, incorporated place, census tract, block numbering area, block group, or American Indian or Alaska Native area (as such units are defined or reported by the U.S. Bureau of the Census). However, <i>Geographic Units</i> in metropolitan areas that are used to comprise an <i>Investment Area</i> shall be limited to census tracts, block groups and American Indian or Alaskan Native areas. |
| Gross Loans Receivable | <i>Gross Loans Receivable</i> are defined as <i>Total Outstanding Loan Portfolio</i> at the end of a period. Loans outstanding shall equal the aggregate dollar amount of all loans receivable without giving effect to any allowance for the collectability thereof (i.e. before deducting for <i>Loan Loss Reserves</i>). <i>Gross Loans Receivable</i> may also be referred to as <i>Total Loans</i> in the case of banks or thrifts. |
| In Hand Matching Funds | <i>Matching Funds</i> that the applicant has received. |
| Insured Credit Union | Any credit union, the member accounts of which are insured by the National Credit Union Share Insurance Fund. |
| Insured Depository Institution | Any bank or thrift, the deposits of which are insured by the Federal Deposit Insurance Corporation. |
| Investment Area | A <i>Target Market</i> made up of a single <i>Geographic Unit</i> or a group of contiguous <i>Geographic Units</i> that: 1) Is entirely located within the geographic boundaries of the <i>United States</i> ; 2) Is comprised of eligible <i>Geographic Unit(s)</i> ; and either: a) Encompasses or is located in a Federally designated Empowerment Zone (EZ) or Enterprise Community (EC); or b) Meets at least one of the CDFI Fund's five tests of economic distress and has unmet needs for loan or <i>Equity Investments</i> . |
| Loan Closed | A loan is counted as "closed" when a legally binding note has been signed by the borrower in favor of the lender. |
| Loan Loss Reserves | <i>Loan Loss Reserves</i> are funds set aside in the form of cash reserves or through accounting-based accrual reserves that serve as a cushion to protect an organization against potential future losses. |
| Loan Loss Reserve Ratio | The total dollar amount of <i>Loan Loss Reserves</i> divided by the <i>Total Outstanding Loan Portfolio</i> . The <i>Loan Loss Reserve Ratio</i> describes the amount of an organization's <i>Total Outstanding Loan Portfolio</i> that it assumes it may lose. The <i>Loan Loss Reserve Ratio</i> is also known as the Loan Loss Allowance to <i>Insured Credit Unions</i> , and is defined by the National Credit Union Administration (NCUA). |
| Loan-to-Asset Ratio | <i>Total Outstanding Loan Portfolio</i> divided by <i>Total Assets</i> . If an organization does not own significant non-lending assets (e.g. real estate), this ratio may serve as an indicator of the extent to which an organization's assets are available for lending and how aggressive an organization has been in its loan production. |

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| Loan-to-Deposit Ratio | <i>Total Outstanding Loan Portfolio</i> divided by the total dollar value of deposit liability accounts held by a bank or thrift. The <i>Loan-to-Deposit Ratio</i> is a key indicator for banks and thrifts that is evaluated by regulators and community groups. The <i>Loan-to-Deposit Ratio</i> is used to assess the extent to which deposit liability accounts held by a bank or thrift are being used to make loans. In addition, this ratio may also be used as a liquidity indicator (i.e., how much of a bank's or thrift's primary source of funds available for lending (deposits) are loaned, and therefore, currently unavailable to be lent). |
| Loan-to-Share Ratio | <i>Total Outstanding Loan Portfolio</i> divided by the sum of the dollar value of <i>Total Member Shares</i> and <i>Total Non-Member Shares</i> . The <i>Loan-to-Share Ratio</i> is a key indicator for <i>Insured Credit Unions</i> that are evaluated by the National Credit Union Administration (NCUA). The <i>Loan-to-Share Ratio</i> is used to assess the extent to which deposit liability accounts held by an <i>Insured Credit Union</i> are being used to make loans. In addition, this ratio is used by the National Credit Union Administration (NCUA) as a liquidity measure because it indicates the extent to which an <i>Insured Credit Union's</i> deposit liabilities are being utilized to fund its lending activities. |
| Low-Income | An annual income, adjusted for family size, of not more than: (1) For metropolitan areas, 80% of the area median family income; and (2) For non-metropolitan areas, the greater of: (i) 80% of the area median family income; or (ii) 80% of the statewide non-metropolitan area median family income. |
| Low-Income Targeted Population | A <i>Target Market</i> that is made up of individuals who are <i>Low-Income</i> and who reside within the boundaries of the <i>United States</i> . |
| Matching Funds | All financial (as opposed to technical) assistance awarded under the Core and Intermediary Components of the CDFI Program shall be matched with funds from sources other than the Federal government on the basis of not less than one dollar for each dollar provided by the CDFI Fund. Funds that have been used to satisfy a legal requirement for obtaining funds under either the CDFI Program or another Federal grant or award program may not be used to satisfy the <i>Matching Funds</i> requirements. Community Development Block Grant Program and other funds provided pursuant to the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et seq.), shall be considered Federal government funds and shall not be used to meet the matching requirements. |
| Microenterprise | A sole proprietorship, partnership, family business, or an incorporated entity that generally has no more than five employees, including the owner, does not generally have access to the commercial banking sector and seeks a loan of \$25,000 or less. |
| Microentrepreneur | The owner of a <i>Microenterprise</i> or an individual seeking to establish a <i>Microenterprise</i> . |
| Minority Owned Business | A business that is more than 50% owned by one or more minorities. |
| Multi-Bank Community Development Corporation (CDC) | In general, a for-profit or nonprofit organization in which multiple <i>Insured Depository Institutions</i> collectively play a role in the governance (e.g., comprising a majority of the board of directors), the investment decisions, and/or the capitalization of the entity. |
| Multi-Family Housing Loan | A loan that finances a five or more unit residential property. |
| Net Assets | <i>Total Assets</i> less <i>Total Liabilities</i> as reported in an organization's statement of financial condition. <i>Net Assets</i> is applicable to non-profit organizations and indicates the extent to which an organization's <i>Total Assets</i> exceed its <i>Total Liabilities</i> . |
| Net Asset Ratio | <i>Net Assets</i> divided by <i>Total Assets</i> . The <i>Net Asset Ratio</i> serves as an indicator of the underlying financial strength of a non-profit organization's equity base relative to its <i>Total Assets</i> and whether it has sufficient equity to cover unexpected losses. |
| Net Capital | <i>Net Capital</i> is applicable to <i>Insured Credit Unions</i> . The sum of allowance for loan losses, allowance for investment losses, regular reserves, |

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| | investment valuation reserve, other reserves, accumulated unrealized gains (or losses), undivided earnings and net income (or loss) less the sum of collection of problem loans (including both individually classified loans plus the amount calculated for the historic loans), book value of investment (less fair or market value of investments) and other identified losses, as defined by the National Credit Union Administration (NCUA) and reported on the NCUA Form 5300. |
| Net Capital Ratio | The total dollar value of an <i>Insured Credit Union's Net Capital</i> divided by its <i>Total Assets</i> . The <i>Net Capital Ratio</i> serves as an indicator of the strength of an <i>Insured Credit Union's</i> equity base relative to total assets and whether it has a sufficient cushion to cover unexpected losses. <i>Insured Credit Unions</i> must maintain a minimum <i>Net Capital Ratio</i> established by the National Credit Union Administration (NCUA). |
| Net Charge-Off | The total dollar amount of loans that are determined to be a loss or non-recoverable during the course of an organization's fiscal year and taken off the books less loan amounts charged-off but later collected. A <i>Net Charge-Off</i> is also known as a <i>Net Write-Off</i> to non-regulated organizations. |
| Net Income | <i>Net Income</i> is calculated from a for-profit organization's income and expense statement or a non-profit organization's statement of activities by subtracting <i>Total Expenses</i> for each fiscal year from <i>Total Revenue</i> or income (including grants or other contributions received). In the case of a for-profit organization, <i>Net Income</i> is often called <i>Net Revenue</i> . In calculating <i>Net Revenue</i> , a for-profit organization should deduct total pre-tax expenses from total revenue. In the case of a non-regulated organization, <i>Net Income</i> is the sum of <i>Total Earned Income</i> and total grants and contributions minus <i>Total Expenses</i> . For banks and thrifts, <i>Net Income</i> is defined as the sum of net interest income and net non-interest income less extraordinary items (if any). In the case of an <i>Insured Credit Union</i> , <i>Net Income</i> or loss is the same as reported on the NCUA 5300. <i>Net Income</i> measures whether an organization has the resources to pay its annual operating expenses. Trends in <i>Net Income</i> are an indicator of the financial solvency of an organization. |
| Net Worth | The total dollar value of a for-profit organization's equity and is comprised of the sum of common stock, paid-in capital and <i>Retained Earnings</i> . <i>Net Worth</i> is the equity base of a regulated bank or thrift and other unregulated for-profit organization and its underlying financial strength. <i>Net Worth</i> is also commonly known as <i>Total Equity</i> . |
| Net Worth Ratio | The total dollar value of a for-profit organization's <i>Net Worth</i> divided by its <i>Total Assets</i> . The <i>Net Worth Ratio</i> serves as an indicator of the strength of an organization's equity base relative to <i>Total Assets</i> and whether it has a sufficient cushion to cover unexpected losses. The <i>Net Worth Ratio</i> is also commonly known as the <i>Equity Ratio</i> . |
| Net Write-Off | Total dollar amount of loans that are determined to be a loss or non-recoverable during the course of an organization's fiscal year and taken off the books, less loan amounts written-off but later collected. A <i>Net Write-Off</i> is also known as a <i>Net Charge-off</i> to <i>Insured Credit Unions</i> , banks, and thrifts. |
| Operating Liquidity Ratio | The sum of cash, cash equivalents and marketable securities divided by the product of <i>Total Expenses</i> multiplied by .25. The <i>Operating Liquidity Ratio</i> is a measure of the extent to which an organization has sufficient operating reserves on hand to pay its expenses. A ratio of 1.0 or greater means that an organization has at least 3 months of liquid assets on hand to cover three months of expenses. A ratio of less than 1.0 means that an organization may be experiencing operating liquidity problems and has insufficient operating reserves. |
| Other Targeted Population | A <i>Target Market</i> that is made up of an identifiable group of individuals who lack adequate access to loans or <i>Equity Investments</i> in the applicant's service area and who reside within the boundaries of the <i>United States</i> . Such a <i>Targeted Population</i> may be comprised of persons who have historically been denied access to loans or <i>Equity Investments</i> |

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| | due to factors including gender, race, ethnicity, national origin, and creed. |
| Past Due Loans | <i>Gross Loans Receivable</i> or <i>Total Loans</i> with payments 30 days or more past due (2 months for <i>Insured Credit Unions</i>). Loans should be considered past due if any part of the payment is past due. |
| Portfolio-at-Risk | The total dollar amount of loans with payments 30 days or more past due divided by the <i>Total Outstanding Loan Portfolio</i> . The <i>Portfolio-at-Risk</i> is calculated based on <i>Past Due Loans</i> and includes the <u>entire</u> outstanding balance of loans with payments that are past due. Loans should be considered past due if <u>any</u> part of the payment is past due. In the case of a for-profit or non-depository non-profit organizations, the <i>Portfolio-at-Risk</i> is measured using a schedule of the aging of total loan receivables at 30, 60 and 90 days. In the case of <i>Insured Credit Unions</i> , the aging schedule is calculated at 2 months, 6 months and 12 months. Banks and thrifts also have a category of loans called non-accrual for which the banks and thrifts are no longer accruing interest due to poor payment performance. The <i>Portfolio-at-Risk</i> is also commonly known as the <i>Delinquency Rate</i> . |
| Retained Earnings | <p>An applicant may propose to meet all or a portion of its <i>Matching Funds</i> requirements by committing available earnings retained from its operations. <i>Retained Earnings</i> accumulated after the end of the applicant's most recent fiscal year ending prior to the appropriate application deadline may not be used as <i>Matching Funds</i>.</p> <p>(1) In the case of a for-profit applicant, <i>Retained Earnings</i> that may be used for matching an <i>Equity Investment</i> shall consist of:</p> <ul style="list-style-type: none"> (i) the increase in <i>Retained Earnings</i> (excluding the after-tax value to an applicant of any grants and other donated assets) that has occurred over the applicant's most recent fiscal year or (ii) the annual average of such increases that have occurred over the applicant's three most recent fiscal years. <p>(2) In the case of a non-profit applicant (other than a credit union), <i>Retained Earnings</i> that can be used for <i>Matching Funds</i> purposes for a grant shall consist of:</p> <ul style="list-style-type: none"> (i) the increase in an applicant's <i>Net Assets</i> (excluding the amount of any grants and value of other donated assets) that has occurred over the applicant's most recent fiscal year; or (ii) the annual average of such increases that has occurred over the applicant's three most recent fiscal years. <p>(3) In the case of a credit union applicant, <i>Retained Earnings</i> that may be used for <i>Matching Funds</i> purposes for a grant shall consist of:</p> <ul style="list-style-type: none"> (i) the increase in <i>Net Capital</i> that has occurred over the applicant's most recent fiscal year. <i>Net Capital</i> shall be comprised of "Regular Reserves", "Other Reserves" (excluding reserves specifically dedicated for losses), and "Undivided Earnings" as such terms are used in the National Credit Union Administration's (NCUA) accounting manual. (ii) the annual average of such increases that have occurred over the applicant's three most recent fiscal years; or (iii) the entire <i>Net Capital</i> that has been accumulated since the inception of the applicant. If the applicant chooses this option, it must increase its <i>Member and/or Non-Member Shares</i> by an amount that is at least equal to four times the amount of <i>Net Capital</i> that is committed as <i>Matching Funds</i>. For example, if the applicant matches a \$100,000 grant with \$100,000 in <i>Retained Earnings</i> under this option, it must raise <i>Member/Non-Member Shares</i> by \$400,000 in order to receive a disbursement for the award. This increase will be achieved within 24 months of September 30 of the calendar year in which the applicant is selected to receive an award. The baseline level of <i>Member/Non-Member shares</i> will be measured as of September 30 of the calendar year in which the applicant is selected to receive an award. |
| Self-Sufficiency Ratio | <i>Total Earned Income</i> divided by <i>Total Expenses</i> . This ratio measures the extent to which an organization is covering its annual expenses through |

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| | internally generated sources (e.g., interest income, fees)-- or <i>Total Earned Income</i> -- rather than grants or other contributions. |
| Single Family Housing Loan | A loan that finances a one-to-four unit residential property. |
| Start-Up Organization | An entity that has been in operation, incurring operating expenses, for two years or less, counting from the date of publication of the applicable NOFA in the <u>Federal Register</u> . |
| Subsidiary | Any company which is owned or controlled directly or indirectly by another company, including any service corporation owned in whole or part by an <i>Insured Depository Institution</i> or any <i>Subsidiary</i> of such a service corporation, except as provided in 12 CFR §1805.200(b)(4). |
| Targeted Population | Individuals, or an identifiable group of individuals, who are <i>Low-Income</i> people (e.g., a <i>Low-Income Targeted Population</i>) or lack adequate access to loans or <i>Equity Investments</i> in the applicant's service area (an <i>Other Targeted Population</i>). The members of a <i>Targeted Population</i> must reside within the boundaries of the <i>United States</i> . |
| Target Market | An <i>Investment Area(s)</i> and/or a <i>Targeted Population(s)</i> . |
| Technical Assistance Award | An award, provided by the Fund, in the form of a grant to address an Awardee's internal capacity needs. Technical assistance is typically obtained by the Awardee in the form of consulting services, technology or training. Eligible uses of a <i>Technical Assistance Award</i> include non-recurring expenses. Recurring operating expenses, including salaries, debt payment, rent and printing costs are not eligible uses of a <i>Technical Assistance Award</i> . A <i>Technical Assistance Award</i> may not be used to pay for assistance with the preparation of an application for funding from the Fund, or any other source. |
| Tier 1 Leverage Capital Ratio | Tier 1 capital divided by adjusted average assets. Tier 1 Leverage Capital Ratio is defined as the sum of common equity, non-cumulative perpetual preferred stock and related surplus and minority interest in unconsolidated subsidiaries minus ineligible deferred tax assets and ineligible intangible assets. Adjusted average assets is defined as year-to-date average of the average assets reported in Schedule RC-K of the Report of Condition, adjusted for 1) ineligible intangible assets used in tier one capital, and 2) unrealized loss on marketable equity securities. This ratio serves as an indicator of the underlying financial strength of a bank or thrift and whether it has an equity cushion sufficient to cover unexpected losses. Banks and thrifts must maintain a minimum <i>Tier 1 Leverage Capital Ratio</i> established by its appropriate Federal Banking Agency. |
| Total Adjusted Notes Payable | <i>Total Adjusted Notes Payable</i> is comprised of the total dollar amount of an organization's notes payable that may be used to support lending or <i>Equity Investment</i> activities. <i>Total Adjusted Notes Payable</i> is calculated by deducting from total notes payable, all notes payable that are specifically used to finance non-program related activities (e.g. if an organization has an outstanding mortgage on its office building, the outstanding principal should be deducted from total notes payable). |
| Total Assets | The sum of all assets of the organization. |
| Total Capital | <i>Total Capital</i> is the sum of <i>Total Adjusted Notes Payable</i> and <i>Total Equity Capital Available</i> . <i>Total Capital</i> represents the total dollar amount of debt and equity financing that is provided by third party funders to support lending or <i>Equity Investment</i> activities. |
| Total Commitments | The total dollar amount of loan or <i>Equity Investment</i> commitments made by a <i>CDFI</i> to borrowers or investees that have not yet been disbursed, but for which the <i>CDFI</i> has reserved cash, cash equivalents, or other assets to fund at a later date (e.g., a loan that is closed but not yet disbursed; a loan that has been provisionally approved but will not be closed or disbursed until a borrower meets certain terms and conditions; a loan that has been approved by a loan committee but not yet closed). |
| Total Current Assets | The total dollar amount of assets expected to be converted to cash or cash equivalents within the next 12 months. |
| Total Current Liabilities | The total dollar amount of liabilities that are due to be paid within the next 12 months. |

All terms and phrases that are in *Capitalized Italics* are defined in separate entries in this Glossary.

Community Development Financial Institutions Fund

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| Total Deposits | The total dollar amount of deposit liability accounts held by a bank or thrift that is a Federal Deposit Insurance Corporation insured bank or thrift. |
| Total Earned Income | <i>Total Earned Income</i> means the sum of interest income, loan fees and other program income, excluding all grants and contributions. |
| Total Equity | The sum of common stock, paid in capital and <i>Retained Earnings</i> (non-regulated for-profits, banks and thrifts). <i>Total Equity</i> is also commonly known as <i>Net Worth</i> . |
| Total Equity Capital Available | <i>Total Equity Capital Available</i> is comprised of a non-profit organization's <i>Net Assets</i> that are permanently or temporarily restricted for lending or <i>Equity Investment</i> activities and total <i>Net Assets</i> that are unrestricted that may be used to support lending or <i>Equity Investment</i> activities (e.g. if an organization owns its office building and equipment, these assets should be deducted from <i>Total Equity Capital Available</i>). <i>Total Equity Capital Available</i> shall exclude all sources of debt capital. |
| Total Expenses | Total pre-tax expenses incurred during an annual period. |
| Total Liabilities | The sum of all liabilities of the organization. |
| Total Loans | The aggregate dollar amount of all loans outstanding held by a bank or thrift without giving effect to any allowance for the collectability thereof (i.e. before <i>Loan Loss Reserves</i> are calculated). <i>Total Loans</i> may also be referred to as <i>Gross Loans Receivable</i> or <i>Total Outstanding Loan Portfolio</i> . |
| Total Member Shares | The total dollar amount of member share accounts deposited in an organization that is an <i>Insured Credit Union</i> , as defined by the National Credit Union Administration (NCUA). |
| Total Non Member Shares | The total dollar amount of non-member share accounts deposited in an organization that is an <i>Insured Credit Union</i> , as defined by the National Credit Union Administration (NCUA). Non-member shares are those deposits made into an <i>Insured Credit Union</i> by a depositor who is not a member nor eligible to be a member. A deposit may be in the form of a share, share certificate or share draft account. |
| Total Off-Balance Sheet Resources | Total dollar amount of loan or other financial resources committed by third party funders to support an organization's lending or <i>Equity Investment</i> activities (e.g., undrawn lines of credit), which are available to, but which have not been drawn upon or otherwise utilized by such organization. This measure excludes all grants or contributions committed by a third party funder to a non-profit organization, but not yet disbursed. |
| Total Outstanding Equity Investment Portfolio | The total dollar amount of <i>Equity Investments</i> held by an organization in portfolio companies in which it owns stock or other forms of ownership interest. <i>Total Outstanding Equity Investment Portfolio</i> should reflect the valuation of the organization's interests after making adjustments for any investment gains or losses. |
| Total Outstanding Loan Portfolio | The total dollar amount of <i>Gross Loans Receivable</i> (or <i>Total Loans</i> in the case of banks or thrifts) as reported in the statement of financial condition or balance sheet. <i>Gross Loans Receivable</i> are the principal amount of loans receivable held by an organization that represents the amount still owed the organization by its borrowers <u>without</u> giving effect to any allowance for the collectability thereof (i.e. before loan loss reserves are calculated). For <i>Insured Credit Unions</i> , <i>Total Outstanding Loan Portfolio</i> has the same meaning as the dollar amount of Total Other Loans as reported in the National Credit Union Administration (NCUA) Form 5300. |
| Total Revenue | The sum of all revenue, including earned income, grants and contributions. |
| United States | The 50 states, the District of Columbia, any territory of the United States, including Puerto Rico, Guam, American Samoa, the Trust Territories of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands. |
| Venture Capital Fund | An organization that invests funds in businesses, typically in the form of either <i>Equity Investments</i> or subordinated debt with equity features such as a revenue participation or warrants, and generally seeks to participate in the upside returns of such <i>Equity Investments</i> or equity features in an effort to at least partially offset the risk of investments |
| Woman Owned Business | A business that is more than 50% owned by one or more women. |

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